

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Mission Community Bancorp and Mission Community Bank

Point of Contact:	Anita M. Robinson	RSSD: (For Bank Holding Companies)	2948366
UST Sequence Number:	170	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	5,116,000	FDIC Certificate Number: (For Depository Institutions)	34462-2
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 09, 2009	City:	San Luis Obispo
Date Repaid ¹ :	N/A	State:	California

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Lending volume actually declined due to the recession as well as the numbers of loans, however the bank continued to actively market and seek lending opportunities. Consequently, 369 loans for \$77.0 million were made since CPP Funds were received. 62% were Small Business Loans.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

See comments above.

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☒ Increase reserves for non-performing assets.

Reserves for troubled assets increased from 2.5% of Total loans to 4.0% in 2009, however in 2010 an additional \$28.4 million of additional Capital was raised and injected into the company.

☒ Reduce borrowings.

In 2009, borrowings were reduced from \$45.7 million to \$6.0 million and fully retired in 2010.

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☒ **Increase charge-offs.**

The bank experienced \$6.2 million in charge off activity in 2009 & 2010 combined. Further, a Fair Value write down on certain assets prior to sale amounted to another \$5.5 million in 2010.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The company and its subsidiary bank remained well capitalized according to regulatory standards, continued to lend in the market and was positioned to raise an additional \$28.7 million in additional capital. Today, the company and bank are poised to take advantage of acquisition opportunities and further grow the company. Small business and general lending is beginning to increase and there are no barriers (such as regulatory) to furthering the lending mission. Mission Community Bancorp and Mission Community Bank continue to be a certified CDFI and have been able to meet the lending standards to maintain that certification.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

See above comments.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

None.